Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/1/2002

GAIN Report #AR2066

Argentina

Grain and Feed

November Update

2002

Approved by:
Philip Shull
U.S. Embassy
Prepared by:
Erich Kuss

Report Highlights:
Post estimates 2002/03 corn production at 13.5 million tons and area at 2.35 million hectares, an increase of 1.1 million tons and 100,000 hectares from the USDA October estimate. The increased estimate is the result of continued expectations of high returns for corn plantings in the upcoming marketing year, along with adequate capital to purchase inputs during the planting and growing season.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1], AR

Executive Summary

Prospects for Argentine agricultural production, including corn continue to improve. Estimated corn area has increased from earlier projections as adequate working capital has allowed producers to take advantage of the prospect of excellent profitability for the upcoming crop. In accordance, corn production is now forecast at 13.5 million tons, and is now projected to fall less than 1 million tons below last year's crop. The increased production should enter directly into the export market.

Corn

Production

Post estimates corn production to reach 13.5 million tons in the 2002/03 crop year, an increase of one million tons from official USDA October estimates. Area harvested is now projected at 2.35 million hectares, an increase of 100,000 hectares, but still four percent below last year's level of 2.45 million hectares. Yield estimates have also increased and are now projected close to last year's record level, as sufficient input use is expected to maintain yield prospects. Early planting/growing conditions are also promising, although excess moisture in some areas has delayed planting slightly. As of the end of October the crop is nearly half planted, matching the pace of last year.

Trade

The increased production for 2002/03 crop year is expected to enter directly into the export market, increasing the forecast for local year exports to 8.6 million, which remains 900,000 tons less than the estimate for 2001/02, due to lower production. Oct.-Sep exports are expected to increase 1.2 million tons to 9.2 million. A larger percentage of corn is expected to be shipped through the last months of 2002 and into early 2003 then in comparable periods from previous years, as producers should sell into the export market much of the grain they have held in stocks over the past few months due to the economic crisis. The development of cost effective on-farm storage of grains has allowed producers much greater flexibility in determining the best time for selling their grain. However, the advantages seen this year from holding grain may diminish in the next crop year. Such factors as the state of the general economy, the value and stability of the peso, the health of the banking and financial sectors, and price movements of the commodity markets, all of which favored those who held grains this year, will determine the benefits of retaining grains in the upcoming marketing year.

Table 1.- Corn Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		03/2001		03/2002		03/2003
Area Harvested	2818	2818	2450	2450	2250	2350
Beginning Stocks	490	490	637	637	702	702
Production	15400	15400	14400	14400	12500	13500
TOTAL Mkt. Yr. Imports	23	23	15	15	15	15
Oct-Sep Imports	43	43	15	15	15	15
Oct-Sep Import U.S.	1	1	0	0	0	0
TOTAL SUPPLY	15913	15913	15052	15052	13217	14217
TOTAL Mkt. Yr. Exports	9676	9676	9500	9500	7600	8600
Oct-Sep Exports	12229	12229	8700	8500	8000	9200
Feed Dom. Consumption	3900	3900	3350	3350	3400	3400
TOTAL Dom. Consumption	5600	5600	4850	4850	4900	4900
Ending Stocks	637	637	702	702	717	717
TOTAL DISTRIBUTION	15913	15913	15052	15052	13217	14217

Wheat

Post maintains the current wheat estimate at 14 million tons with a harvested area of 6 million hectares. In general, as of the end of October the wheat crop is in good condition. However, there is some concern that current conditions could lead to increased diseases. Despite earlier intentions by many producers to limit the use of inputs on wheat, the high wheat prices caused by poor crops throughout the world has created incentive for many to increase input use to ensure a quality crop.